

March 24, 2010

Mr. Justin P. Wilson
Comptroller of the Treasury
State Funding Board
State Capitol
Nashville, Tennessee 37243

Center for Business and Economic Research
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Dear Mr. Wilson:

Sections 9-6-201 and 202, Tennessee Code Annotated state that the Funding Board may secure from the Tennessee Econometric Model the estimated rate of growth of the state's economy as measured by the forecast change in Tennessee personal income. Personal income is defined by the United States Department of Commerce. Major assumptions and the methodology used in arriving at the estimates are to be provided as well. This background information to our forecast is included in the *Economic Report to the Governor*, January 2010.

We report the following to you:

Calendar Year	Personal Income (mil \$)	Growth (%)	Index (1977=100)	Calendar Year	Personal Income (mil \$)	Growth (%)	Index (1977=100)
1977	26,805	11.15	100.00	1995	113,672	7.12	424.07
1978	30,615	14.21	114.21	1996	119,901	5.48	447.31
1979	34,248	11.87	127.77	1997	126,654	5.63	472.50
1980	37,847	10.51	141.19	1998	136,254	7.58	508.31
1981	42,205	11.51	157.45	1999	143,053	4.99	533.68
1982	45,048	6.74	168.06	2000	152,225	6.41	567.90
1983	47,964	6.47	178.94	2001	158,421	4.07	591.02
1984	53,490	11.52	199.55	2002	163,204	3.02	608.86
1985	57,302	7.13	213.78	2003	169,791	4.04	633.43
1986	61,105	6.64	227.96	2004	178,961	5.40	667.64
1987	65,786	7.66	245.42	2005	187,633	4.85	699.99
1988	71,289	8.37	265.96	2006	200,169	6.68	746.76
1989	76,300	7.03	284.65	2007	210,838	5.33	786.56
1990	81,121	6.32	302.63	2008	217,373	3.10	810.94
1991	85,633	5.56	319.47	2009	217,884	0.24	812.85
1992	93,558	9.26	349.03	2010	222,451	2.10	829.89
1993	99,315	6.15	370.51	2011	230,251	3.51	858.99
1994	106,112	6.84	395.87				

We would be pleased to discuss the economic forecast with you in detail.

Best regards,



William F. Fox
Director